

ORIGINAL

STATE OF INDIANA

INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF INDIANA AMERICAN )  
WATER COMPANY'S REFUSAL TO )  
INTERCONNECT EDWARDSVILLE WATER ) CAUSE NO. 43325  
CORPORATION FOR WATER SUPPLY<sup>1</sup> )

PETITIONER: EDWARDSVILLE ) APPROVED: DEC 19 2007  
WATER CORPORATION )

RESPONDENT: INDIANA-AMERICAN )  
WATER COMPANY )

**BY THE COMMISSION:**

Jeffrey L. Golc, Commissioner

Aaron A. Schmoll, Administrative Law Judge

On July 12, 2007, Edwardsville Water Corporation ("Edwardsville") initiated this proceeding by filing with the Indiana Utility Regulatory Commission ("Commission") its *Petition for Interim and Expedited Final Orders* ("Petition"). On August 2, 2007, Edwardsville, Respondent Indiana-American Water Company ("Indiana-American"), Intervenor Ramsey Water Company, Inc. ("Ramsey"), and the Indiana Office of the Utility Consumer Counselor ("OUCC") appeared before the Commission at a prehearing conference in this cause. On August 23, 2007, Edwardsville filed its *Notification of Settlement in Principal and Motion for Revised Procedural Schedule* stating that Edwardsville, Ramsey and Indiana-American had reached a settlement and agreed to a procedural schedule as set forth in the Motion.

On September 19, 2007, Edwardsville, Indiana-American, and Ramsey tendered to the Commission an agreement entitled *Water Service and Settlement Agreement* ("Settlement Agreement"), along with prefiled testimony in support of the same. In their prefiled testimony, Indiana-American and Ramsey separately presented and requested approval of a *Water Supply Partnership Agreement* and *First Amendment* executed by Indiana-American and Ramsey on October 15, 1997, and May 11, 2006, respectively (collectively, "*Partnership Agreement*"). On September 25, 2007, the OUCC prefiled the testimony of Harold L. Rees.

Pursuant to notice as required by law, proof of which was incorporated into the record by reference and placed in the official files of the Commission, a public evidentiary hearing was held on October 3, 2007, at 9:30 a.m. in Room 222 of National City Center, Indianapolis, Indiana. At the evidentiary hearing, Edwardsville introduced into evidence the testimony of Dale Lafferre, the President of the Edwardsville's Board of Directors, as well as an executed

<sup>1</sup> Captions must describe "in general terms" the relief being sought. 170 IAC 1-1.1-9(a)(1). The Commission finds that the original caption, which referenced Indiana-American's "unlawful refusal," to be conclusory and otherwise inappropriate, and hereby modifies the caption accordingly.

original of the *Settlement Agreement* and a copy of the *Petition* with supporting exhibits. For their cases-in-chief, Indiana-American submitted the testimony and exhibits of David K. Baker, and Ramsey introduced the testimony and exhibits of David Popp. The OUCC presented the testimony of Senior Utility Analyst, Harold L. Rees. The parties' evidence was admitted into the record without objection. No members of the public were present.

Based upon applicable law and evidence presented herein, the Commission now finds as follows:

1. **Notice and Jurisdiction.** Due, legal, and timely notice of the public hearing in this cause was published as required by law. Edwardsville, Indiana-American, and Ramsey are all "public utilities" within the meaning of the Public Service Commission Act, Ind. Code § 8-1-2, *et seq.* ("Act"). In its *Petition*, Edwardsville requested a variety of relief pursuant to various sections of the Act, including Ind. Code §§ 8-1-2-4, 8-1-2-5, 8-1-2-54, 8-1-2-58, 8-1-2-61, 8-1-2-68, 8-1-2-69, 8-1-2-105, and 8-1-2-113. Based on the *Petition* and the relief sought therein, the Commission now finds that it has jurisdiction over the parties and the subject matter of this proceeding.

2. **Parties Involved.** Edwardsville is a nonprofit rural water corporation that owns and operates a water utility in Floyd and Harrison Counties, Indiana. Ramsey is also a nonprofit rural water corporation that provides water service primarily in Harrison County. Indiana-American is a for-profit water utility with water facilities located throughout the State, including, specifically, a twenty (20) inch water transmission line to which Edwardsville seeks to connect and receive a redundant source of water supply.

3. **Relief Requested.** In *In re Petition of Edwardsville Water Corporation*, Cause No. 43003 (Phase II Order, dated May 9, 2007), this Commission determined that Edwardsville should interconnect with Indiana-American as it would provide Edwardsville with a back-up source of supply in the event Edwardsville experienced a failure with its existing source of supply. After issuance of the Final Order in Cause No. 43003, Indiana-American refused to allow Edwardsville to interconnect, claiming that its October 15, 1997 Water Supply Partnership Agreement ("*Partnership Agreement*") with Ramsey prohibits an interconnection between Edwardsville and Indiana-American without Ramsey's consent, which Ramsey initially refused to give. Since filing the *Petition*, Ramsey has now consented to Edwardsville's interconnection with Indiana-American and Edwardsville, Ramsey, and Indiana-American have entered into the *Settlement Agreement* for which they now seek Commission approval. In addition, Indiana-American and Ramsey separately seek approval of the *Partnership Agreement*.

4. **Evidence Presented in Support of Settlement Agreement.**

A. **Edwardsville.** Mr. Dale Lafferre, the President of Edwardsville's Board of Directors, sponsored testimony supporting the *Settlement Agreement*. Witness Lafferre explained the background that led to Edwardsville filing a complaint in this proceeding and ultimately settling this case. Witness Lafferre explained that Edwardsville currently relies exclusively on one twelve (12) inch line to supply raw water from Edwardsville's wells to its water treatment plant. Portions of the raw water line ("Raw Water Line") are located in a flood

plain and are submerged for extended periods of time during significant rain events. The Raw Water Line has experienced intermittent failures, including three line breaks during the last fifteen (15) months. Mr. Lafferre explained that if the existing Raw Water Line would break in a place and at a time when it was submerged, it would be impossible for even temporary repairs to be made until the area became accessible to heavy equipment, thus prolonging the severity and duration of an outage. Edwardsville conducted an engineering study that concluded Edwardsville should interconnect with Indiana-American to provide a redundant source of water supply to avoid a catastrophic outage. Edwardsville presented its plan to the Commission in Cause No. 43003 and obtained our approval for the same. After receiving the Commission's approval in Cause No. 43003, Mr. Lafferre testified that Edwardsville arranged for financing and construction of the interconnection so that back-up water supply would be in place by the fall of 2007. Efforts to finalize and implement the interconnection halted when Indiana-American was unable to obtain consent from Ramsey for the interconnection. It was for this reason that Edwardsville felt compelled to file the *Petition* initiating this cause.

Since the filing of the *Petition*, Edwardsville has reached an agreement with Indiana-American and Ramsey that allows Edwardsville to directly interconnect with Indiana-American's twenty (20) inch water transmission line. According to Witness Lafferre, Edwardsville would construct an extension to its existing facilities and pay for the meter vault, piping, valves, meter installation, and the cost of interconnecting Edwardsville's main to Indiana-American's system. Although Edwardsville will be connected directly to Indiana-American, Edwardsville will be considered a customer of Ramsey. Indiana-American will bill Ramsey on a monthly basis for the water used by Edwardsville and Ramsey, in turn, will bill Edwardsville the same rate Indiana-American charges Ramsey, plus \$.02 per thousand gallons for the term of the Agreement. According to Witness Lafferre, the Agreement is very specific in that Edwardsville's rates in the future will track any increases to Indiana-American's rate to Ramsey, and at no time will Ramsey charge Edwardsville more than \$.02 per thousand gallons over Indiana-American's rates to Ramsey. In order to cover Ramsey's billing charges, Edwardsville has also agreed to pay a meter charge to Ramsey that is equal to Indiana-American's tariffed meter charge, plus a \$5.00 monthly charge to cover Ramsey's billing cost to Edwardsville.

Witness Lafferre also explained that by entering into the *Settlement Agreement*, Edwardsville is allowed to immediately commence construction of an interconnection that will provide Edwardsville with a much-needed source of redundant water supply. While intended to address Edwardsville's need for a back-up supply, the Agreement also allows Edwardsville to receive water in non-emergency situations if the Commission were to approve such a condition. Mr. Lafferre testified that he thought that the rates and charges provided in the *Settlement Agreement* represent a fair compromise that recognizes some level investment by Ramsey to bring Indiana-American's facilities to the area. By agreeing in advance to a rate tracking mechanism, Edwardsville will also have long-term certainty that the rates it pays to Ramsey are tied to the rates charged by Indiana-American to Ramsey. Witness Lafferre testified that the *Settlement Agreement* is in the public interest because it fairly addresses the rate, duration, and timing concerns of Edwardsville, while addressing Ramsey's desire to retain Edwardsville as a customer under its Agreement with Indiana-American.

B. **Ramsey.** Mr. David Popp, a representative of Ramsey, also testified in support of the *Settlement Agreement*. Witness Popp testified that the *Settlement Agreement* is reasonable from Ramsey's perspective because of the unique nature of the proposed interconnection since Edwardsville is seeking a back-up water supply to address Edwardsville's water needs in the event of a catastrophic failure of Edwardsville's transmission line that runs from its well field to the water treatment plant. Mr. Popp noted that Edwardsville's Complaint indicates that the proposed interconnection is not intended to be Edwardsville's primary water supply source. Based upon Edwardsville's representations, Mr. Popp indicated that the anticipated revenue generated from any water used by Edwardsville, even if Edwardsville was subject to the rate structure established by the Commission for Ramsey's other Zone D customers, is unlikely to exceed the cost that each party would incur to litigate the issues pending before the Commission. In addition, Ramsey believes the territorial boundary agreement between Edwardsville and Ramsey would directly benefit each of the respective utilities and their long-term infrastructure improvement plan. For these reasons, Mr. Popp requested that the Commission approve the *Settlement Agreement*.

C. **Indiana-American.** David K. Baker filed prefiled testimony and exhibits on behalf of Indiana-American and in support of the *Settlement Agreement*. Similar to witnesses Lafferre and Popp, witness Baker believed that the *Settlement Agreement* was in the best interest of all the parties involved. Mr. Baker did not dispute that Indiana-American had sufficient capacity to meet Edwardsville's needs, and was willing to do so provided Ramsey consented. With Ramsey's consent, Indiana-American has no objection to the terms and conditions set forth in the *Settlement Agreement* and requested that the Commission approve the same.

D. **OUCC.** Witness Harold L. Rees, a professional engineer and Senior Utility Analyst with the OUCC, also testified in favor of the *Settlement Agreement*. Witness Rees testified that the *Settlement Agreement* is a reasonable solution as it provides Edwardsville with a needed emergency back-up connection to Indiana-American. Witness Rees reiterated his testimony from Cause No. 43003 when stating that the emergency back-up connection with Indiana-American should be constructed as soon as possible.

## 5. **Evidence in Support of Partnership Agreement.**

A. **Indiana-American.** In its answer filed on August 1, 2007, Indiana-American affirmatively requested approval of the *Partnership Agreement*. Mr. Baker testified as to why he believes the Partnership Agreement should be approved. He testified that the *Partnership Agreement* includes a term requiring Ramsey to purchase all of its requirements for water in what is identified as Zone D for a period of 40 years from Indiana-American. In return, Indiana-American has agreed not to sell or supply water to Ramsey's members or wholesale customers, or South Harrison, Corydon, Palmyra, Greenville or Edwardsville without Ramsey's prior consent, which cannot unreasonably be withheld. He explained that Indiana-American made the investment and sized the line to which Edwardsville wishes to connect based upon the commitment made by Ramsey. In other words, without Ramsey's commitment, the line might not even be there affording the opportunity for the utilities to connect. He explained that so long as Ramsey's consent is not unreasonably withheld, it would seem reasonable for Ramsey not to want the line to be used to take away Ramsey's customers and opportunities for new customers.

Mr. Baker also explained that this provision is intended to facilitate cooperation rather than disputes. He noted that nearly all of the identified water utilities have outstanding loans to the Rural Development program of the United States Department of Agriculture. As such, these utilities are entitled to certain protections from competition pursuant to 7 U.S.C. § 1926(b). Mr. Baker reads the consent provision as tracking these federally protected rights. In other words, if Ramsey has rights under the federal statute which would prohibit Indiana-American from connecting one of the identified customers, then it would be reasonable for Ramsey to withhold consent. On the other hand, if Ramsey does not have federal rights with respect to one of the identified customers, then it would not be reasonable for Ramsey to withhold consent. By requiring Ramsey's consent at the front end, Mr. Baker explained the *Partnership Agreement* requires the neighboring utilities to discuss the issues in advance and avoid potentially costly litigation in federal court over Ramsey's alleged rights. In this way the dispute, if any, would be filed with this Commission (as this one was), with the question being whether Ramsey has been reasonable or not.

**B. Ramsey.** Mr. Popp also testified in support of the *Partnership Agreement*. He outlined the alternatives investigated by Ramsey to entering the long-term commitment to purchase its requirements for water for Zone D from Indiana-American. He explained that Ramsey had available to it other potential supplies of water and would not have needed to purchase its complete requirements for Ramsey's Zone D customers from Indiana-American but for the *Partnership Agreement*. He testified that Ramsey was the only utility in the area willing to make the long-term commitment which was needed to support Indiana-American's investment in the line to which Edwardsville wishes to connect. He explained that the *Partnership Agreement* has been filed with the Commission in Ramsey's two most recent rate cases (Cause Nos. 41202 and 42042) and that the rates for customers in Zone D have been based upon the pricing set forth in the *Partnership Agreement*. He explained that Ramsey had initially withheld its consent to Edwardsville's connection because Ramsey has available a connection point for Edwardsville in close proximity to the point where Edwardsville would connect to Indiana-American. With the clarifications built into the *Settlement Agreement*, Ramsey no longer objects to the connection between Indiana-American and Edwardsville.

## **6. Commission Findings.**

**A. Standard of Review.** Settlements presented to the Commission are not ordinary contracts between private parties. *United States Gypsum, Inc. v. Indiana Gas Co.*, 735 N.E.2d 790, 803 (Ind. 2000). When the Commission approves a settlement, that settlement "loses its status as a strictly private contract and takes on a public interest gloss." *Id.* (quoting *Citizens Action Coalition v. PSI Energy*, 664, N.E.2d 401, 406 (Ind. Ct. App. 1996)). Thus, the Commission "may not accept a settlement merely because the private parties are satisfied; rather, [the Commission] must consider whether the public interest will be served by accepting the settlement." *Citizens Action Coalition*, 664 N.E.2d at 406.

Furthermore, any Commission decision, ruling, or order – including the approval of a settlement – must be supported by specific findings of fact and sufficient evidence. *United States Gypsum*, 735 N.E.2d at 795 (citing *Citizens Action Coalition v. Public Service Co.*, 582 N.E.2d 330, 331 (Ind. 1991)). The Commission's own procedural rules require that settlements

be supported by probative evidence. 170 IAC 1-1.1-17(d). Therefore, before the Commission can approve the *Settlement Agreement* and the *Partnership Agreement* we must determine whether the evidence in this Cause sufficiently supports the conclusions that the *Settlement Agreement* and the *Partnership Agreement* are reasonable, just, and consistent with the purpose of Indiana Code § 8-1-2, and that such agreements serve the public interest.

**B. Discussion and Findings.** Having reviewed the prefiled evidence and the *Settlement Agreement*, the Commission now finds that the settlement is reasonable, just, and in the public interest. The *Settlement Agreement* resolves the outstanding issues between the parties, sets rates at which Edwardsville will purchase water from Ramsey (and Indiana-American), and establishes a mechanism where Edwardsville will have a redundant source of water supply in emergency situations and have access to water to meet its needs in non-emergency circumstances. With a view of the potentially catastrophic circumstances that could face Edwardsville, we find that the agreed resolution is in the interest of all the parties and we thereby approve Edwardsville to connect and receive water service from Indiana-American and Ramsey as set forth in the *Settlement Agreement*.

Indiana-American and Ramsey also seek Commission approval of the *Partnership Agreement*. This issue is a separate issue from those of the *Settlement Agreement*, and the *Settlement Agreement* does not include approval of the *Partnership Agreement* as one of its terms. In fact, the *Settlement Agreement* specifically states that Edwardsville's entry into the settlement should not be "construed that Edwardsville is acknowledging or rejecting the validity of the terms contained in the [*Partnership Agreement*]." *Settlement Agreement* at 4. The *Partnership Agreement* purports to affect the ability of Indiana-American to supply water service to a number of utilities, including Edwardsville, unless Ramsey consents to the provision of service. We note that those other utilities have not had the opportunity to weigh in on the appropriateness of this condition of the *Partnership Agreement*, as the caption, and therefore the public notice provided in this Cause, does not reflect the relief requested by Indiana-American and Ramsey. Accordingly, if Indiana-American and Ramsey believe Commission review and approval of the *Partnership Agreement* is appropriate, Indiana-American and Ramsey should file a petition under a new cause number requesting Commission approval of the *Partnership Agreement*.

**IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION, that:**

1. The *Settlement Agreement* filed in this Cause on October 3, 2007, and attached hereto is approved in its entirety, and the terms and conditions thereof shall be incorporated as part of this Order.
2. Edwardsville is hereby authorized to connect to, and receive wholesale water service from, Indiana-American and Ramsey consistent with the terms and conditions set forth in the *Settlement Agreement*, and prospectively take water on an as-needed, non-emergency basis.
3. Ramsey shall charge Edwardsville a flow rate of \$.02 per thousand gallons over Indiana-American's sale for resale rate to Ramsey, and a meter charge that is \$5.00 more than

the meter charge from Indiana-American to Ramsey. Prior to placing these rates into effect, Ramsey shall file a revised tariff with the Commission's Water/Sewer Division reflecting the special rate and meter charge for the Edwardsville connection. These rates are effective for applicable water service on and after Water/Sewer Division approval of the tariff.

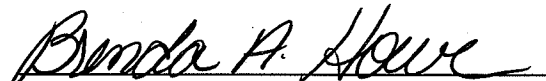
4. Edwardsville shall file, under this Cause, a report indicating the date that the interconnection was completed and made operational.

5. This Order shall be effective on and after the date of its approval.

**HARDY, GOLC, SERVER AND ZIEGNER CONCUR; LANDIS ABSENT:**

**APPROVED:** DEC 19 2007

**I hereby certify that the above is a true  
and correct copy of the Order as approved.**

  
**Brenda A. Howe,  
Secretary to the Commission**

## WATER SERVICE AND SETTLEMENT AGREEMENT

This WATER SERVICE AND SETTLEMENT AGREEMENT ("Agreement"), is made and entered into this 27<sup>th</sup> day of September, 2007, by and among EDWARDSVILLE WATER CORPORATION, an Indiana non-profit Corporation ("Edwardsville"), RAMSEY WATER COMPANY, INC., an Indiana non-profit Corporation ("Ramsey"), and INDIANA-AMERICAN WATER COMPANY, INC., an Indiana corporation ("Indiana-American") (referred to hereinafter collectively as the "Parties").

### RECITALS:

A. Indiana-American and Ramsey entered into a Water Supply Partnership Agreement dated October 15, 1997 ("Ramsey Agreement"), by which Ramsey is required to purchase water from Indiana-American to serve all of Ramsey's water supply requirements for customers located in a designated service area, more specifically defined in the Ramsey Agreement as "Zone D".

B. The Ramsey Agreement, in consideration of the requirement that Ramsey purchase all water from Indiana-American that Ramsey needs to serve Ramsey's customers in "Zone D," provides that Indiana-American may not sell or supply water to Ramsey's members, South Harrison, Corydon, Palmyra, Greenville, Edwardsville or any existing retail or wholesale customers located in Ramsey's service area without Ramsey's consent, which consent cannot be unreasonably withheld.

C. Edwardsville has requested that Indiana-American and Ramsey allow it to connect to an Indiana-American owned 20-inch water line ("Water Line") at a point that is in the vicinity of Edwardsville's existing water facilities, for the specific purpose of ensuring that Edwardsville has a back-up source of water in emergency situations.

D. Ramsey initially denied consent to the proposed interconnection by Edwardsville to the Indiana-American Water Line due to Ramsey's ability and desire to serve Edwardsville with a source of potable water. Ramsey maintains that the denial of consent to Edwardsville's proposed interconnection to the Indiana-American Water Main was reasonable because Ramsey has a water main in the immediate area, a distance of approximately six hundred feet (600'), from the point of Edwardsville's proposed interconnection with Indiana-American.

E. Indiana-American is willing to supply water to Edwardsville, and Ramsey has subsequently consented to such supply, on the terms and conditions contained herein.

F. The parties also wish to resolve a case filed by Edwardsville in the Indiana Utility Regulatory Commission ("IURC"), designated as Cause No. 43325, regarding a request by Edwardsville to connect to the Water Line (the "IURC Proceeding").

OFFICIAL  
EXHIBITS

IURC  
PETITIONER'S B  
EXHIBIT NO. 103-07 ur  
DATE REPORTER



NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the Parties agree as follows:

## **ARTICLE I**

### **RIGHTS AND RESPONSIBILITIES OF PARTIES**

**Section 1.1. Edwardsville's Interconnection with Indiana-American.** Ramsey and Indiana-American hereby agree and consent to Edwardsville connecting to, and receiving a back-up source of water in emergency situations directly from, the Water Line at the location depicted in the attached Exhibit A ("Interconnection Point"). Immediately upon execution of this Agreement, the parties agree that Edwardsville shall, without final IURC approval, be allowed to begin and complete the process of interconnecting with Indiana-American. Edwardsville will be responsible for constructing an extension to its existing facilities (including, if necessary, the installation of a booster pump station) to the meter (i.e. Metering Equipment; see Section 1.2 below) to be installed at the Interconnection Point by Indiana-American. While Edwardsville seeks interconnection with Indiana-American for the purpose of having a back-up source of water supply in emergency situations, this Agreement shall not prevent Edwardsville from taking water from Indiana-American in non-emergency situations, subject to the approval of the IURC.

**Section 1.2. Metering Equipment.** Indiana-American will provide and maintain metering equipment and required devices (collectively, "Metering Equipment") that will be of a standard type for properly measuring the quantity of water delivered. The Metering Equipment will be installed at the Interconnection Point and will remain the property of Indiana-American. Indiana-American agrees to calibrate the Metering Equipment whenever requested by Edwardsville or Ramsey, but not more frequently than once every twelve (12) months, unless inaccuracy thereof is made clearly evident by Edwardsville or Ramsey to Indiana-American. Metering Equipment registering not more or less than two percent (2%) above or below one hundred percent (100%) shall be deemed to be accurate and binding upon the parties. If any Metering Equipment fails to register for any monthly billing period, the amount of water furnished during such monthly billing period shall be deemed to be the amount of water delivered in the corresponding monthly billing period immediately preceding the failure, adjusted for abnormal events such as flushing and major main failures.

**Section 1.3. Edwardsville's Responsibility for Specific Costs.** Edwardsville shall be responsible for the cost of the meter vault, piping, valves, meter installation, and appurtenances necessary for the installation of the Metering Equipment, and shall also be responsible for the cost of interconnecting Edwardsville's main to Indiana-American's system. Edwardsville agrees to install and maintain in good working order a double-check valve approved by the Indiana Department of Environmental Management at a point downstream from Indiana-American's meter.

Section 1.4. Relationship Among Parties. Although Edwardsville will connect to and receive water directly from Indiana-American, Edwardsville will be a customer of Ramsey. Indiana-American shall be authorized to open the meter at the Interconnection Point with Edwardsville to enable Edwardsville to receive water upon being notified by Edwardsville of the need to take water through the Interconnection Point. In addition, Edwardsville will notify Ramsey of the intent to open the meter at the Interconnection Point at the same time Indiana-American is advised of the same. Consistent with Paragraph 10 of the Ramsey Agreement, Indiana-American will bill Ramsey on a monthly basis for the water used by Edwardsville. Indiana-American's bill to Ramsey (for the water used by Edwardsville) shall be based on monthly readings of the Metering Equipment as performed by Indiana-American. Ramsey and/or Edwardsville shall have reasonable access to the Metering Equipment to verify the amount of Edwardsville's usage. Although Edwardsville will be a customer of Ramsey, the parties agree that Edwardsville shall be able to seek other redundant sources of supply with other providers and may abandon the meter at the Interconnection Point with no further financial obligation.

Section 1.5. Billing. On a monthly basis Ramsey shall send a bill to Edwardsville reflecting the amount of usage for the preceding month. The usage reflected on Indiana-American's bill to Ramsey for Edwardsville's consumption shall govern the bill to be paid by Edwardsville to Ramsey. For ease of reference, Ramsey shall provide to Edwardsville a copy of the invoice Ramsey received from Indiana-American.

Section 1.6. Rates. Edwardsville will pay to Ramsey the rate Indiana-American charges to Ramsey, plus \$.02 per thousand gallons, for the term of this Agreement. Ramsey's rates to Edwardsville in the future will track any increases to Indiana-American's rate (to Ramsey). In no event will Ramsey charge Edwardsville more than \$.02 per thousand gallons over Indiana-American's rates to Ramsey for the interconnection contemplated in Section 1.1 herein, subject to the approval of the IURC. For example, if Indiana-American charges Ramsey \$1.45 per thousand gallons, Edwardsville shall pay to Ramsey \$1.47 per thousand gallons.

Section 1.7. Meter Charge. Ramsey's meter charge to Edwardsville shall be equal to Indiana-American's tarified customer charge based on the meter size installed, plus a \$5.00 charge to cover Ramsey's billing costs to Edwardsville. Ramsey reserves the right to increase the \$5.00 charge for billing in the event that Ramsey's actual billing cost exceeds the amount set forth in this Agreement. Ramsey shall notify Edwardsville of any proposed increase in billing in an effort to resolve the issue. If the parties are unable to agree upon the billing cost Edwardsville is to pay, Ramsey shall have the right to pursue a cause with the IURC to increase the monthly billing amount. It is anticipated that Edwardsville will require a six (6) inch meter. Indiana-American's present six (6) inch meter charge is \$504.41. Thus, the total meter and billing charge per month that will be paid by Edwardsville to Ramsey will be \$509.41. If Indiana-American increases or decreases its meter charge in the future, Ramsey's charge to Edwardsville shall track such changes. Edwardsville will not pay any other meter

charges, rates, or any other charges other than the \$5.00 per month billing charge (and the per thousand gallon rate as set forth in Section 1.6 above).

Section 1.8. Agreement Not to Serve Each Other's Customers. Edwardsville and Ramsey agree that the respective parties will not serve each other's customers, directly or indirectly. Both Edwardsville and Ramsey agree that the respective parties will not provide or sell water to a third-party for the specific purpose and intent of enabling the third-party to serve the other parties' customers in violation of the intent of this Section. Both parties, however, will be permitted to continue serving any of their existing customers, such as Greenville, that are presently served by the other party.

Section 1.9. Duration of the Agreement. The term of this Agreement shall be in full force and effect until October 14, 2037. Upon expiration the parties may, in their sole discretion, agree to extend the terms of this Agreement.

Section 1.10. Quality. IAWC agrees to supply potable water that meets or surpasses all federal or Indiana drinking water regulations. As regulations evolve, it may be necessary for IAWC to modify its water treatment techniques. In this event, IAWC will meet with Edwardsville and Ramsey to review any impact that may result.

Section 1.11. Interruption in Supply. Failure of performance hereunder on the part of IAWC shall be excused in emergencies due to breaks, leaks, defects, necessary repairs in its facilities, fires, strikes, acts of God, or other causes beyond its control.

Section 1.12. Pressure. IAWC shall not be required by this Agreement to provide, reduce or maintain water pressure within Edwardsville's system and it is expressly understood to be the obligation of Edwardsville to provide, reduce and maintain such pressure by boosting devices, a pressure reducing valve, standpipes, elevated tanks, or by such other means as may be required or necessary to provide and maintain satisfactory pressure in the water mains and pipes of Edwardsville's system.

Section 1.13. IURC Approval. While the parties agree that Edwardsville shall be allowed to immediately interconnect with Indiana-American, the remaining terms of this Agreement are conditioned upon the IURC approving the Water Service Agreement and the Ramsey Agreement as part of its final resolution in the IURC proceeding. With this in mind, the parties agree to cooperate and file testimony in support of this Water Service Agreement. It is anticipated that Ramsey and Indiana-American will also seek IURC approval of the Ramsey Agreement. Edwardsville's continuing obligation to be a customer of Ramsey (as set forth in Section 1.4) and pay the rates and charges to Ramsey (as set forth in Section 1.6 and 1.7) is conditioned upon the IURC approving the Ramsey Agreement. Edwardsville's entry into this Water Service Agreement shall not be construed that Edwardsville is acknowledging or rejecting the validity of the terms contained in the Ramsey Agreement between Ramsey and Indiana-American.

Section 1.14. Rules Governing Service. Service hereunder shall be subject to all applicable statutes and regulations, including any rules or orders of the IURC

applicable thereto, and to Indiana-American's Tariff on file with and approved by the IURC as the same may be in effect from time to time. In the event of any conflict between the provisions of this Agreement and the terms of the Tariff, the terms of the Tariff shall control.

## **ARTICLE II** **MISCELLANEOUS**

Section 2.1. Binding on Successors and Assigns. The parties agree that this Agreement shall be binding upon and inure to the benefit of the parties hereto, as well as their successors and assigns.

Section 2.2. Entire Agreement. This Agreement sets forth the entire understanding between the parties and no modification of the Agreement will be effective unless reduced to writing and signed by both parties. This Agreement fully supersedes any prior agreements or understandings between the parties relating to the subject matter set forth herein. However, this Agreement is not intended to supersede or revoke the Ramsey Supply Agreement in any way.

Section 2.3. Amendment and Waiver. Neither this Agreement, nor any term hereof may be changed, modified, altered, waived, discharged, or terminated, except by written instrument. Failure to insist upon strict adherence to any term of this Agreement shall not be considered a waiver or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

Section 2.4. Counterparts. This Agreement may be executed in counterparts, including facsimile or photocopy counterparts, each of which shall be deemed an original, but all of which taken together shall constitute a single document.

Section 2.5. Authority of Parties. Each party and signatory hereto has the authority to enter into this Agreement and at all times has full authority to perform this Agreement. No further approval or consent by any other person or authority is required.

Section 2.6. Captions. The captions to this Agreement are for convenience of reference only and shall not be given any effect in the interpretation of this Agreement.

Section 2.7. Notices. All notices, consents, and other communications (collectively, "Notices") shall be given to Edwardsville and Ramsey in writing to the addresses set forth below:

Edwardsville:

Dale Lafferre, President  
Edwardsville Water Corporation  
545 Maplewood Boulevard  
Georgetown, IN 47122

With Copy To:

Bose McKinney & Evans LLP  
2700 First Indiana Plaza  
135 N. Pennsylvania Street  
Indianapolis, IN 46204  
Attn: J. Christopher Janak

Ramsey:

Ramsey Water Company, Inc.  
P.O. Box 245  
Ramsey, IN 47166-0045

With Copy To:

Marcus M. Burgher, IV  
Burgher & Burgher  
200 Elm Street  
Corydon, Indiana 47112

Indiana-American

David K. Baker, President  
Indiana-American Water Company  
555 East County Line Road, Suite 201  
Greenwood, IN 46143

With Copy To:

Nicholas Kile  
Barnes & Thornburg LLP  
13 South Meridian Street  
Indianapolis, IN 46204

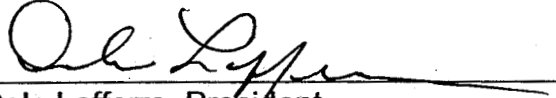
Either party may change its address for Notices by giving written notice to the other party in accordance with this provision.

Section 2.8. Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, the remaining terms hereof will not be affected, and in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision will be added as part of this Agreement that is as similar to the illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

Section 2.9. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Indiana.

Section 2.10. Incorporation of Recitals. The Recitals are hereby incorporated into this Agreement.

EDWARDSVILLE WATER  
CORPORATION




Dale Lafferre, President  
Edwardsville Water Corporation

STATE OF INDIANA )  
COUNTY OF Floyd ) SS:

Before me, a Notary Public in and for said County and State, personally appeared Dale Lafferre, by me known to be the President and authorized agent of Edwardsville Water Corporation, who acknowledged the execution of the foregoing "Water Service Agreement" on behalf of said entity.

WITNESS my hand and Notarial Seal this 28 day of September,  
2007.

  
Notary Public

Susan L. Reeves  
(Printed Signature)

My Commission Expires: 10/10/08

My County of Residence: Shelby

RAMSEY WATER COMPANY, INC.

Signed: Richard Harrison

Printed: RICHERT HARBESON

Its: President

STATE OF INDIANA       )  
                                  ) SS:  
COUNTY OF HARRISON )

Before me, a Notary Public in and for said County and State, personally appeared RICHERT HARBESON, by me known to be the PRESIDENT of Ramsey Water Company, Inc., who acknowledged the execution of the foregoing "Water Service Agreement" on behalf of Ramsey Water Company, Inc.

WITNESS my hand and Notarial Seal this 1<sup>ST</sup> day of OCTOBER, 2007.

David Popp  
Notary Public

DAVID POPP  
(Printed Signature)

My Commission Expires: 4/28/08

My County of Residence: FLOYD

INDIANA-AMERICAN WATER  
COMPANY, INC.

Signed: David Baker  
Printed: David Baker  
Its: President

STATE OF INDIANA       )  
                                  ) SS:  
COUNTY OF MARION )

Before me, a Notary Public in and for said County and State, personally appeared DAVID BAKER, by me known to be the PRESIDENT of Indiana-American Water Company, Inc., who acknowledged the execution of the foregoing "Water Service Agreement" on behalf of Indiana-American Water Company, Inc.

WITNESS my hand and Notarial Seal this 27<sup>th</sup> day of SEPTEMBER, 2007.

Karen E. Wenger  
Notary Public  
KAREN E. WENGER  
(Printed Signature)

My Commission Expires: 3.12.08

My County of Residence: MARION

This Instrument prepared by J. Christopher Janak, Attorney at Law, Bose McKinney & Evans LLP, 135 North Pennsylvania Street, Suite 2700, Indianapolis, Indiana 46204.



**Exhibit A**  
**Interconnection Point**



